

---

**2002 Annual Report**

**Midwest  
Redevelopment Project Area**



**Pursuant to 65 ILCS 5/11-74.4-5(d)**

*JUNE 30, 2003*

---

June 30, 2003

Ms. Alicia Mazur Berg  
Commissioner  
Department of Planning and Development  
121 N. LaSalle St.  
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Midwest Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended. The contents are based on information provided to us by Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed upon accounting and testing procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City Departments.

Very truly yours,



Ernst & Young LLP

# Midwest Redevelopment Project Area 2002 Annual Report

---

## TABLE OF CONTENTS

### ANNUAL REPORT – MIDWEST REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (d) OF 65 ILCS 5/11-74.4-5.

	PAGE
LETTER TO THE STATE COMPTROLLER.....	1
1) DATE OF DESIGNATION OR TERMINATION .....	2
2) AUDITED FINANCIALS .....	3
3) MAYOR’S CERTIFICATION.....	4
4) OPINION OF LEGAL COUNSEL.....	5
5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND .....	6
6) DESCRIPTION OF PROPERTY .....	8
7) STATEMENT OF ACTIVITIES .....	14
8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE MUNICIPALITY .....	19
9) ANALYSIS OF DEBT SERVICE.....	20
10) CERTIFIED AUDIT REPORT .....	21
11) GENERAL DESCRIPTION AND MAP.....	22



City of Chicago  
Richard M. Daley, Mayor

Department of Planning  
and Development

Alicia Mazur Berg  
Commissioner

121 North LaSalle Street  
Chicago, Illinois 60602  
(312) 744-4190  
(312) 744-2271 (FAX)

<http://www.cityofchicago.org>

June 30, 2003

The Honorable Daniel Hynes  
Comptroller  
State of Illinois  
Office of the Comptroller  
201 Capitol  
Springfield, IL 62706

Dear Comptroller Hynes:

We have compiled the attached information for the Midwest  
Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-  
74.4-5(d).

Sincerely,

Alicia Mazur Berg  
Commissioner



## **Midwest Redevelopment Project Area 2002 Annual Report**

---

### **(1) DATE OF DESIGNATION OR TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)**

The Project Area was designated on May 17, 2000. The Project Area may be terminated no later than May 17, 2023.

Note: Incremental tax revenues levied in the 23<sup>rd</sup> tax year are collected in the 24<sup>th</sup> tax year. Although the Project Area will expire in Year 23 in accordance with 65 ILCS 5/11-74.4-3(n)(J)(3), the incremental taxes received in the 24<sup>th</sup> tax year will be deposited into the Special Tax Allocation Fund.

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(2) AUDITED FINANCIALS – 65 ILCS 5/11-74.4-5(d)(2)**

Please see attached.

CITY OF CHICAGO, ILLINOIS  
MIDWEST  
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2002

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1-2
Management's discussion and analysis	3-4
Statement of net assets and governmental funds balance sheet	5
Statement of activities and governmental funds revenues, expenditures and changes in fund balance	6
Notes to financial statements	7-9
SUPPLEMENTARY INFORMATION	
Schedule of expenditures by statutory code	10

**HANSLEY AND KIENER, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

125 SOUTH WACKER DRIVE

CHICAGO, ILLINOIS 60606-4496

AREA CODE 312 263-2700

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Richard M. Daley, Mayor  
Members of the City Council  
City of Chicago, Illinois

We have audited the accompanying financial statements of the Midwest Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Midwest Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2002, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Midwest Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2002, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City of Chicago has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2002.

The Management's Discussion and Analysis on pages 3 and 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Richard M. Daley, Mayor  
Members of the City Council

- 2 -

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures by statutory code on page 10, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the financial statements of Midwest Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Barclay and Kienner, L.L.P.*

Certified Public Accountants

May 14, 2003

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

As management of the Midwest Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2002. Please read it in conjunction with the Project's financial statements, which follow this section.

*Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Project's basic financial statements. The Project's basic financial statements include three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information concerning the Project's expenditures by statutory code.

*Basic Financial Statements.* The basic financial statements include two kinds of financial statements that present different views of the Project – the *Government-Wide Financial Statements* and the *Governmental Fund Financial Statements*. These financial statements also include the notes to the financial statements that explain some of the information in the financial statements and provide more detail.

*Government-Wide Financial Statements* provide both long-term and short-term information about the Project's financial status and use accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the project's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Project's net assets and how they have changed. Net assets – the difference between the Project's assets and liabilities – is one way to measure the Project's financial health, or position.

*Governmental Fund Financial Statements* provide more detailed information about the Project's significant funds – not the Project as a whole. Governmental funds focus on: 1) how cash and other financial assets can readily be converted to cash flows and 2) the year-end balances that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more financial resources that can be spent in the near future to finance the Project. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the statements to explain the relationship (or differences) between them.

*Notes to the Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements follow the basic financial statements.

*Other Supplementary Information.* In addition to the basic financial statements and accompanying notes, this report also presents a schedule of expenditures by statutory code. This supplementary information follows the notes to the financial statements.

*Condensed Comparative Financial Statements*

	<u>Governmental Funds</u>			
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 9,151,734	\$4,712,550	\$ 4,439,184	94%
Total liabilities	<u>3,295,443</u>	<u>2,510,657</u>	<u>784,786</u>	31%
Total fund balance	<u>\$ 5,856,291</u>	<u>\$2,201,893</u>	<u>\$ 3,654,398</u>	166%
Total revenues	\$ 2,514,541	\$2,241,006	\$ 273,535	12%
Total expenditures	<u>3,760,143</u>	<u>39,113</u>	<u>3,721,030</u>	9,514%
Excess (deficiency) of revenues over expenditures	<u>(1,245,602)</u>	<u>2,201,893</u>	<u>(3,447,495)</u>	(157)%
Proceeds of debt	<u>4,900,000</u>	<u>-</u>	<u>4,900,000</u>	
Ending fund balance	<u>\$ 5,856,291</u>	<u>\$2,201,893</u>	<u>\$ 3,654,398</u>	166%

In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

*Analysis of Overall Financial Position and Results of Operations*

Property tax revenue for the Project was \$2,467,535 for the year. This was an increase of 11 percent over the prior year. Excess of expenditures over revenues produced a decrease in fund balance of \$1,245,602. The Project's fund balance increased by 166 percent (including proceeds of debt) from the prior year making available \$5,856,291 of funding to be provided for purposes of future redevelopment in the Project's designated area. Expenditures increased this year due to the Project's formulation of a redevelopment plan or necessary funding was substantially complete and available. Excess of revenues and other financing sources over expenditures produced an increase in fund balance in the current year.

*Debt Administration*

Tax Increment Allocation Notes outstanding at December 31, 2002 amounted to \$4,900,000. More detailed information about the Project's long-term liabilities is presented in Note 2 of the financial statements.

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2002

<u>A S S E T S</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 5,935,793	\$ -	\$ 5,935,793
Property taxes receivable	3,183,410	-	3,183,410
Accrued interest receivable	32,531	-	32,531
Total assets	<u>\$ 9,151,734</u>	<u>\$ -</u>	<u>\$ 9,151,734</u>
<u>LIABILITIES</u>			
Due to other City funds	\$ 43,825	\$ -	\$ 43,825
Accrued interest payable	322,311	-	322,311
Deferred revenue	2,929,307	(2,929,307)	-
Notes payable - Due after one year (Note 2)	-	4,900,000	4,900,000
Total liabilities	<u>3,295,443</u>	<u>1,970,693</u>	<u>5,266,136</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Reserved for debt service	501,071	(501,071)	-
Designated for future redevelopment project costs	5,355,220	(5,355,220)	-
Total fund balance	<u>5,856,291</u>	<u>(5,856,291)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 9,151,734</u>		
Net assets:			
Restricted for capital projects		6,787	6,787
Restricted for debt service		3,430,378	3,430,378
Restricted for future redevelopment project costs		448,433	448,433
Total net assets		<u>\$ 3,885,598</u>	<u>\$ 3,885,598</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 5,856,291
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	2,929,307
Long-term liabilities applicable to the Project's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities are reported in the statement of net assets.	<u>(4,900,000)</u>
Total net assets - governmental activities	<u>\$ 3,885,598</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 2,467,535	\$ 456,747	\$ 2,924,282
Interest	47,006	-	47,006
Total revenues	<u>2,514,541</u>	<u>456,747</u>	<u>2,971,288</u>
Expenditures/expenses:			
Capital projects	3,437,832	-	3,437,832
Debt service:			
Interest	322,311	-	322,311
Total expenditures	<u>3,760,143</u>	<u>-</u>	<u>3,760,143</u>
Excess of expenditures over revenues	(1,245,602)	456,747	788,855
Other financing sources:			
Proceeds of debt	4,900,000	(4,900,000)	-
Excess of revenues and other financing sources over expenditures	3,654,398	(3,654,398)	-
Change in net assets	-	(788,855)	(788,855)
Fund balance/net assets:			
Beginning of year	2,201,893	2,472,560	4,674,453
End of year	<u>\$ 5,856,291</u>	<u>\$ (1,970,693)</u>	<u>\$ 3,885,598</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental funds	\$ 3,654,398
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	456,747
Note proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, issuing debt increases notes payable in the statement of net assets and does not affect the statement of activities.	<u>(4,900,000)</u>
Change in net assets - governmental activities	<u>\$ (788,855)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In May 2000, the City of Chicago (City) established the Midwest Redevelopment Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the capital projects, debt service and special revenue funds of the City.

(b) *Government-Wide and Fund Financial Statements*

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB unanimously approved Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* and at a later date, Statement No. 38 *Certain Financial Statements Disclosures*. In fiscal year 2002, the City adopted these new standards. Certain of the significant changes in the Statements include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Project's overall financial position and results of operations.
  - Government-wide financial statements prepared using the economic resources measurement focus and the *accrual basis of accounting* for all the Project's activities.
  - Fund financial statements, which focus on the Project's governmental funds *current financial resources measurement focus*.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

(c) *Measurement Focus, Basis of Accounting, and Financial Statements Presentation*

The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are prepared on the *modified accrual basis of accounting* with only current assets and liabilities included on the balance sheet. Under the *modified accrual basis of accounting*, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(d) *Assets, Liabilities and Net Assets*

*Cash and Investments*

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

*Capital Assets*

Fixed assets are not capitalized in the governmental funds but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e. infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental funds as the City nor Project will retain the right of ownership.

(e) *Stewardship, Compliance, and Accountability*

*Illinois Tax Incremental Redevelopment Allocation Act Compliance*

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Incremental Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

*Reimbursements*

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection. The annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 2 – Notes Payable

In March 2002, the City issued Midwest Tax Increment Allocation Notes, Series 2002. The notes are for \$4,900,000 and have an interest rate of 8 percent and maturity dates ranging from January 1, 2005 to January 1, 2012. Net proceeds of \$4,900,000 were used to finance certain project costs in the Midwest Redevelopment Project Area.

Long-term liability activity for the year ended December 31, 2002 was as follows:

Beginning balance	\$ -
Additions	4,900,000
Reductions	<u>-</u>
Ending balance	<u>\$4,900,000</u>
Amounts due within one year	<u>\$ -</u>

The remaining maturities of the notes are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ -	\$ 392,000
2004	-	392,000
2005	100,000	384,000
2006	400,000	352,000
2007	400,000	320,000
2008-2012	<u>4,000,000</u>	<u>768,000</u>
	<u>\$4,900,000</u>	<u>\$2,608,000</u>

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS  
MIDWEST REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 143,082
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	3,294,750
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	<u>322,311</u>
	<u>\$ 3,760,143</u>

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)**

Please see attached.

STATE OF ILLINOIS     )  
  )  
COUNTY OF COOK        )

CERTIFICATION

TO:

Daniel W. Hynes  
Comptroller of the State of Illinois  
James R. Thompson Center  
100 West Randolph Street, Suite 15-500  
Chicago, Illinois 60601  
Attention: Carol Reckamp, Director of Local  
Government

Dolores Javier, Treasurer  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1125  
Chicago, Illinois 60606

Gwendolyn Clemons, Director  
Cook County Department of Planning &  
Development  
69 West Washington Street, Room 2900  
Chicago, Illinois 60602  
Attn: Jackie Harder

Kim Feeney, Comptroller  
Forest Preserve District of Cook County  
69 West Washington Street, Room 2060  
Chicago, Illinois 60602

Martin J. Koldyke, Chairman  
Chicago School Finance Authority  
135 South LaSalle Street, Suite 3800  
Chicago, Illinois 60603

David Doig, General Superintendent & CEO  
Chicago Park District  
541 North Fairbanks Court, 7th Floor  
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer  
Chicago Board of Education  
125 South Clark Street, 5th Floor  
Chicago, Illinois 60603  
Attn: Linda Wrightsell

Mary West, Director of Finance  
Metropolitan Water Reclamation District of  
Greater Chicago  
100 East Erie Street, Room 2429  
Chicago, Illinois 60611  
Attn: Joe Rose

Lawrence Gulotta, Treasurer  
South Cook County Mosquito Abatement  
District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois 60426  
Attn: Dr. K. Lime

I, RICHARD M. DALEY, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq. (the "Act") with regard to the Midwest Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

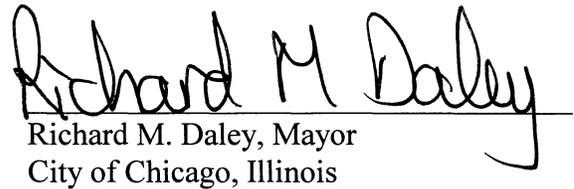
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2002, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2003.

  
Richard M. Daley, Mayor  
City of Chicago, Illinois

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)**

Please see attached.



**City of Chicago**  
**Richard M. Daley, Mayor**

**Department of Law**

Mara S. Georges  
Corporation Counsel

City Hall, Room 600  
121 North LaSalle Street  
Chicago, Illinois 60602  
(312) 744-6900  
(312) 744-8538 (FAX)  
(312) 744-2963 (TTY)

<http://www.ci.chi.il.us>

June 30, 2003

Daniel W. Hynes  
Comptroller of the State of Illinois  
James R. Thompson Center  
100 West Randolph Street, Suite 15-500  
Chicago, Illinois 60601  
Attention: Carol Reckamp, Director of Local  
Government

Dolores Javier, Treasurer  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1125  
Chicago, Illinois 60606

Gwendolyn Clemons, Director  
Cook County Department of Planning &  
Development  
69 West Washington Street, Room 2900  
Chicago, Illinois 60602  
Attn: Jackie Harder

Kim Feeney, Comptroller  
Forest Preserve District of Cook County  
69 West Washington Street, Room 2060  
Chicago, Illinois 60602

Martin J. Koldyke, Chairman  
Chicago School Finance Authority  
135 South LaSalle Street, Suite 3800  
Chicago, Illinois 60603

David Doig, General Superintendent &  
CEO  
Chicago Park District  
541 North Fairbanks Court, 7th Floor  
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer  
Chicago Board of Education  
125 South Clark Street, 5th Floor  
Chicago, Illinois 60603  
Attn: Linda Wrightsell

Mary West, Director of Finance  
Metropolitan Water Reclamation District  
of Greater Chicago  
100 East Erie Street, Room 2429  
Chicago, Illinois 60611  
Attn: Joe Rose

Lawrence Gulotta, Treasurer  
South Cook County Mosquito Abatement  
District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois 60426  
Attn: Dr. K. Lime

Re: Midwest  
Redevelopment Project Area (the "Redevelopment Project  
Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.



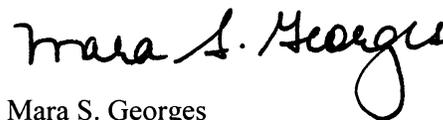
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Mara S. Georges  
Corporation Counsel

**SCHEDULE 1**

(Exception Schedule)

No Exceptions

Note the following Exceptions:

# Midwest Redevelopment Project Area 2002 Annual Report

## (5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2002		2002
<b>Revenues</b>		
Property tax	\$	2,467,535
Sales tax		-
Interest		47,006
Total revenues		2,514,541
<b>Expenditures</b>		
Costs of studies, admin., and professional services. (q)(1)		143,082
Marketing costs. (q)(1.6)		-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)		-
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)		3,294,750
Costs of construction of public works and improvements. (q)(4)		-
Cost of job training and retraining. (q)(5)		-
Financing costs. (q)(6)		322,311
Approved capital costs of overlapping taxing districts. (q)(7)		-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)		-
Relocation costs. (q)(8)		-
Payments in lieu of taxes. (q)(9)		-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)		-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)		-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)		-
Cost of day care services and operational costs of day care centers. (q)(11.5)		-
Total expenditures		3,760,143
Expenditures over revenues		(1,245,602)
<b>Other financing sources</b>		
Proceeds of debt		4,900,000
Revenues and other financing sources over expenditures		3,654,398
Fund balance, beginning of year		2,201,893
Fund balance, end of year	\$	5,856,291
<b>Fund balance</b>		
Reserved for debt service		501,071
Reserved for encumbrances		-
Designated for future redevelopment project costs	\$	5,355,220
Total fund balance	\$	5,856,291

## Midwest Redevelopment Project Area 2002 Annual Report

---

### (5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5) cont.

Below is listed all vendors, including other municipal funds, that were paid in excess of \$5,000 during the current reporting year.

Name	Service	Amount
Administrative Costs <sup>1</sup>	Administration	\$43,825
Nakawatase, Wynn & Associates	Consultanting	\$92,705
Harris Trust and Savings Bank	Financing Costs	\$322,311

<sup>1</sup> Costs relate directly to the salaries of Department of Planning employees working solely on tax increment financing districts and their related fringe benefits.

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)**

TABLE 6  
DESCRIPTION OF PROPERTY PURCHASED BY THE MUNICIPALITY WITHIN THE REDEVELOPMENT PROJECT AREA

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
3913 WEST 16TH STREET <sup>1</sup>	N/A	N/A	N/A
3905-3907 W. ROOSEVELT <sup>2</sup>	N/A	N/A	N/A
3708 W. DOUGLAS <sup>2</sup>	N/A	N/A	N/A
738 S. KOSTNER <sup>2</sup>	N/A	N/A	N/A
747 S. KEELER <sup>2</sup>	N/A	N/A	N/A
4113 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
753 S. KOLMAR <sup>2</sup>	N/A	N/A	N/A
1218 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1246 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1-3 S. CENTRAL PARK <sup>2</sup>	N/A	N/A	N/A
3120 W. MONROE <sup>2</sup>	N/A	N/A	N/A
747 S. KOLMAR <sup>2</sup>	N/A	N/A	N/A
4229 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
4047 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
1322 S. PULASKI <sup>2</sup>	N/A	N/A	N/A
1432 S. PULASKI <sup>2</sup>	N/A	N/A	N/A

**Midwest Redevelopment Project Area  
2002 Annual Report**

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
1604 S. PULASKI <sup>2</sup>	N/A	N/A	N/A
1221 S. PULASKI <sup>2</sup>	N/A	N/A	N/A
1214 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1228 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1244 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1446 S. SPAULDING <sup>2</sup>	N/A	N/A	N/A
3142 W. 15 ST <sup>2</sup>	N/A	N/A	N/A
2016 S. ALBANY <sup>2</sup>	N/A	N/A	N/A
3151 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3147 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3145 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
1138 S. SACRAMENTO <sup>2</sup>	N/A	N/A	N/A
4013 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
4009 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3719 W. ROOSEVELT <sup>2</sup>	N/A	N/A	N/A
1216 S. LAWNSDALE <sup>2</sup>	N/A	N/A	N/A
1228 S. LAWNSDALE <sup>2</sup>	N/A	N/A	N/A
1241 S. LAWNSDALE <sup>2</sup>	N/A	N/A	N/A
1216 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1243 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1332 S. MILLARD <sup>2</sup>	N/A	N/A	N/A
1328 S. CENTRAL PARK <sup>2</sup>	N/A	N/A	N/A
1330 S. CENTRAL PARK <sup>2</sup>	N/A	N/A	N/A

**Midwest Redevelopment Project Area  
2002 Annual Report**

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
1515 S. AVERS <sup>2</sup>	N/A	N/A	N/A
3436 W. 12 PL <sup>2</sup>	N/A	N/A	N/A
1238 S. SAWYER <sup>2</sup>	N/A	N/A	N/A
3039 W. ARTHINGTON <sup>2</sup>	N/A	N/A	N/A
752 S. KENNETH <sup>2</sup>	N/A	N/A	N/A
4037 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
4035 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
1535 S. PULASKI <sup>2</sup>	N/A	N/A	N/A
1217 S. HOMAN <sup>2</sup>	N/A	N/A	N/A
1325 S. CENTRAL PARK <sup>2</sup>	N/A	N/A	N/A
1311 S. HOMAN <sup>2</sup>	N/A	N/A	N/A
1324 S. SPAULDING <sup>2</sup>	N/A	N/A	N/A
1429 S. CENTRAL PARK <sup>2</sup>	N/A	N/A	N/A
1442 S. HOMAN <sup>2</sup>	N/A	N/A	N/A
1555 S. HOMAN <sup>2</sup>	N/A	N/A	N/A
3945 W. 16 ST <sup>2</sup>	N/A	N/A	N/A
1614 S. HARDING <sup>2</sup>	N/A	N/A	N/A
1247 S. TROY <sup>2</sup>	N/A	N/A	N/A
1311 S. KEDZIE <sup>2</sup>	N/A	N/A	N/A
1520 S. ALBANY <sup>2</sup>	N/A	N/A	N/A
2001 S. ALBANY <sup>2</sup>	N/A	N/A	N/A
3021 W. CULLERTON <sup>2</sup>	N/A	N/A	N/A
1235 S. SAWYER <sup>2</sup>	N/A	N/A	N/A

**Midwest Redevelopment Project Area  
2002 Annual Report**

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
3711 W. ROOSEVELT <sup>2</sup>	N/A	N/A	N/A
1217 S. TROY <sup>2</sup>	N/A	N/A	N/A
23 S. ALBANY <sup>2</sup>	N/A	N/A	N/A
35 S. ALBANY <sup>2</sup>	N/A	N/A	N/A
3032 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
23 S. WHIPPLE <sup>2</sup>	N/A	N/A	N/A
2841 W. LEXINGTON <sup>2</sup>	N/A	N/A	N/A
3201-3203 W. LAKE <sup>2</sup>	N/A	N/A	N/A
3076 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
209 S. KEDZIE <sup>2</sup>	N/A	N/A	N/A
3149 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3141 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3714-3718 W. ROOSEVELT <sup>2</sup>	N/A	N/A	N/A
3234 W. WARREN <sup>2</sup>	N/A	N/A	N/A
3116 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3155 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3065 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
3057 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
2949 W. JACKSON <sup>2</sup>	N/A	N/A	N/A
2947 W. JACKSON <sup>2</sup>	N/A	N/A	N/A
2529 W. MONROE <sup>2</sup>	N/A	N/A	N/A
2609 W. WILCOX <sup>2</sup>	N/A	N/A	N/A

**Midwest Redevelopment Project Area  
2002 Annual Report**

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
2610 W. ADAMS <sup>2</sup>	N/A	N/A	N/A
2608 W. ADAMS <sup>2</sup>	N/A	N/A	N/A
2606 W. ADAMS <sup>2</sup>	N/A	N/A	N/A
2437 W. ADAMS <sup>2</sup>	N/A	N/A	N/A
1133 S. FRANCISCO <sup>2</sup>	N/A	N/A	N/A
1124 S. MOZART <sup>2</sup>	N/A	N/A	N/A
1127 S. MOZART <sup>2</sup>	N/A	N/A	N/A
708 S. CENTRAL PARK <sup>2</sup>	N/A	N/A	N/A
3650 W. LEXINGTON <sup>2</sup>	N/A	N/A	N/A
3852 W. POLK <sup>2</sup>	N/A	N/A	N/A
2943 W. JACKSON <sup>2</sup>	N/A	N/A	N/A
2662 W. MONROE <sup>2</sup>	N/A	N/A	N/A
1128 S. SACRAMENTO <sup>2</sup>	N/A	N/A	N/A
3500-3504 W. JACKSON <sup>2</sup>	N/A	N/A	N/A
32 S. SACRAMENTO <sup>2</sup>	N/A	N/A	N/A
3252 W. FLOURNOY <sup>2</sup>	N/A	N/A	N/A
3238 W. LEXINGTON <sup>2</sup>	N/A	N/A	N/A
3137 W. MONROE <sup>2</sup>	N/A	N/A	N/A
3131 W. MONROE <sup>2</sup>	N/A	N/A	N/A
3132 W. FIFTH <sup>2</sup>	N/A	N/A	N/A
1147 S. CALIFORNIA <sup>2</sup>	N/A	N/A	N/A
3610 W. FLOURNOY <sup>2</sup>	N/A	N/A	N/A
3608 W. FLOURNOY <sup>2</sup>	N/A	N/A	N/A

**Midwest Redevelopment Project Area  
2002 Annual Report**

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
3517 W. FLOURNOY <sup>2</sup>	N/A	N/A	N/A
749 S. KILBOURN <sup>2</sup>	N/A	N/A	N/A
3621 W. ROOSEVELT <sup>2</sup>	N/A	N/A	N/A
1228 S. SAWYER <sup>2</sup>	N/A	N/A	N/A
2543 W. MONROE <sup>2</sup>	N/A	N/A	N/A
1122 S. INDEPENDENCE <sup>2</sup>	N/A	N/A	N/A
3508 W. FLOURNOY <sup>2</sup>	N/A	N/A	N/A
3214 W. FLOURNOY <sup>2</sup>	N/A	N/A	N/A
3133 W. MONROE <sup>2</sup>	N/A	N/A	N/A

<sup>1</sup> This property was acquired from the Public Building Commission ("PBC"). Due to leasing arrangements with the PBC, the final purchase price, if any, may be nominal and may not reflect the actual fair market value of the acquired property. The size and description of each parcel is not available.

<sup>2</sup> This property was acquired through the Tax Reactivation Program ("TRP"), under which the City instructs the County of Cook to make a no cash bid on certain tax-delinquent parcels. The City then pursues the acquisition in a court proceeding and receives a tax deed from the County after a court order is issued. The City pays court costs and certain incidental expenses for each parcel, which average between \$2,000 and \$2,500. The size and description of each parcel is not available.

## **Midwest Redevelopment Project Area 2002 Annual Report**

---

### **(7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)**

- (A)** Projects implemented in the preceding fiscal year.
- (B)** A description of the redevelopment activities undertaken.
- (C)** Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
- (D)** Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
- (E)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
- (F)** Joint Review Board reports submitted to the City.
- (G)** Project-by-project review of public and private investment undertaken from 11/1/99 to 12/31/02, and of such investments expected to be undertaken in Year 2003; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/02, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON THE FOLLOWING PAGES.

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

TABLE 7(A)  
PROJECTS IMPLEMENTED IN THE PROCEEDING FISCAL YEAR

NAME  
OF PROJECT

Small Business Improvement Fund (SBIF) Program
--

Neighborhood Improvement Fund (NIF) Program
---

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(7)(B) - 65 ILCS 5/11-74.4-5(d)(7)(B)**

Redevelopment activities undertaken within this Project Area during the year 2002, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

**(7)(C) - 65 ILCS 5/11-74.4-5(d)(7)(C)**

TABLE 7 (C)  
AGREEMENTS ENTERED INTO WITH REGARD TO THE DISPOSITION & REDEVELOPMENT OF  
PROPERTY WITHIN THE PROJECT AREA

PARTIES TO AGREEMENT WITH CITY	NATURE OF AGREEMENT	PROJECT DESCRIPTION	ADDRESS	JOBS CREATED/ RETAINED
Various	Small Business Improvement Fund (SBIF) Program	Rehabilitation of properties owned by qualifying small businesses.	Various	N/A
Various	Neighborhood Improvement Fund (NIF) Program	Rehabilitation of qualifying homes or small multi-unit buildings.	Various	N/A

## **Midwest Redevelopment Project Area 2002 Annual Report**

---

### **(7)(D) - 65 ILCS 5/11-74.4-5(d)(7)(D)**

The Project Area has received \$4,445,961 of property tax and sales tax (if applicable) increment since the creation of the Project Area. These amounts have been used to pay for project costs within the Project Area and for debt service (if applicable). The Project Area's fund balance as shown on Table 5 represents (on a modified accrual basis) financial resources (including increment) that have not been expended.

### **(7)(E) - 65 ILCS 5/11-74.4-5(d)(7)(E)**

During 2002, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

### **(7)(F) - 65 ILCS 5/11-74.4-5(d)(7)(F)**

During 2002, no reports were submitted to the City by the Joint Review Board.

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

(7)(G) - 65 ILCS 5/11-74.4-5(d)(7)(G)

TABLE 7(G)  
PROJECT BY PROJECT REVIEW OF PUBLIC AND PRIVATE INVESTMENT  
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT \*

Projects Undertaken in This Redevelopment Project Area	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment	
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Ratio Estimated as of Project Completion
Project 1: SBIF Program**	n/a	\$1,500,000	\$0	\$750,000	n/a	2:1
Project 2: NIF Program	n/a	\$4,500,000	\$0	\$2,250,000	n/a	2:1
Total:	n/a	\$6,000,000	\$0	\$3,000,000	n/a	n/a

\* Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, or other local, state or federal grants or loans.

Each amount reported here under Public Investment Undertaken, Amount Estimated to Complete the Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents and may not necessarily reflect actual expenditures, if any, as reported in Sections 2 or 5 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions set forth in the Project's operating documents.

Each amount reported here under Public Investment Undertaken, 11/1/1999 to End of Reporting FY, is cumulative from the date of execution of the corresponding Project to the end of the reporting year. Projects for which the last Public Investment made was prior to November 1, 1999 are not reported on this table.

## **Midwest Redevelopment Project Area 2002 Annual Report**

---

\*\* Depending on the particular goals of this type of program, the City may: i) make an advance disbursement of the entire public investment amount to the City's program administrator, ii) disburse the amounts through an escrow account, or iii) pay the funds out piecemeal to the program administrator as each ultimate grantee's rehabilitation work is approved under the program.

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE  
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

This information is contained in the official statements, limited offering memoranda, promissory notes or debt service schedules of such obligations. See attached.

STATE OF ILLINOIS  
COUNTY OF COOK  
CITY OF CHICAGO

SPECIMEN

TAX INCREMENT ALLOCATION REVENUE NOTE  
(MIDWEST REDEVELOPMENT PROJECT)  
TAXABLE SERIES 2002

SOLE NOTE:  
REGISTERED  
NO. ONE

PRINCIPAL AMOUNT:

\$4,900,000.00

INTEREST RATE

MATURITY DATE

DATED DATE

8.00%

January 1, 2012

March 5, 2002

Registered Owner: Harris Trust and Savings Bank

[1] The City of Chicago (the "City") acknowledges itself to owe, and for value received promises to pay, from the source and in the manner as hereinafter provided, to the Registered Owner identified above, or registered assigns as provided below, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Note or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above, per the payment schedule attached hereto as Schedule 1, until the Principal Amount is paid, except as the provisions set forth in this Note with respect to prepayment prior to maturity are and become applicable to this Note. No interest shall accrue on this Note after its maturity unless this Note shall have been presented for payment at maturity and shall not have been paid. The principal of and interest on this Note are payable in any coin or currency that at the time of payment is legal tender for the payment of public and private debts. Both the principal of this Note and the interest payable on this Note are payable at the office of the City Comptroller, 33 North LaSalle Street, Suite 600, Chicago, Illinois 60602, as Note registrar and paying agent (the "Registrar"). Payment of principal of and interest on this Note shall be made on each applicable payment date to the Registered Owner of the Note on the registration books of the City maintained by the Registrar at the close of business on the 15th day of the month next preceding the applicable payment date and shall be paid by check or draft of the Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar.

[2] This Note is issued pursuant to Division 74.4 of Article 11 of the Illinois Municipal Code (the "Act"), and all laws amendatory of the Act and supplemental to the Act, and the principal of and interest on the Note are payable from Pledged Revenues (as defined in the Note Ordinance), including the ad valorem taxes, if any, arising from the taxes levied upon taxable real property in the Midwest Redevelopment Project Area established by the City in accordance with the provisions of the Act (the "Project Area") by any and all taxing districts or municipal corporations having the power to tax real property in the Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Project Area over and above the initial equalized assessed value of each such piece of property as of May 17, 2000, as determined by the County Clerk of The County of Cook, Illinois, in accordance with the provisions of the Act (the "Incremental Taxes"). The Note is being issued for the purpose of providing funds to pay a portion of the Project Costs which have been approved for the Project Area, all as more fully described in an ordinance authorizing the issuance of the Note (the "Note Ordinance") adopted by the City Council of the City on October 31, 2001, to all the provisions of which the Registered Owner by the acceptance of this Note assents. The Note, together with the interest on the Note, are limited obligations of the City, payable solely from Pledged Revenues, including the Incremental Taxes and the amounts on deposit in and pledged to the various funds and accounts as provided in the Note Ordinance. All the Pledged Revenues are hereby irrevocably pledged until the obligations of the City are discharged under the Note Ordinance for the payment of both principal of and interest on this Note. THE NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, EXCEPT AS HEREIN PROVIDED. NO REGISTERED OWNER OF THIS NOTE SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE CITY FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THIS NOTE.

[3] Under the Act and the Note Ordinance, the Incremental Taxes shall be deposited in the Midwest Redevelopment Project Area Special Tax Allocation Fund of the City (the "Tax Allocation Fund"). Moneys on deposit in the Note Fund created within the Tax Allocation Fund shall be used and, pursuant to the terms and conditions stated in Note Ordinance, are pledged for paying the principal of and interest on the Note and then in making any further required payments to the funds and accounts as provided by the terms of the Note Ordinance.

[4] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Note did exist, have happened, been done and performed in regular and due form and time as required by law, and the City by this Note covenants and agrees that it has made provision for the segregation of those Incremental Taxes to be deposited in the Note Fund, and that it will properly account for those taxes and will comply with all the covenants of and maintain the funds and accounts as provided by the Note Ordinance.

[5] This Note is issued initially in fully registered form and is transferable by the Registered Owner thereof in person or by its attorney duly authorized in writing at the office of the Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment

of the charges, provided in the Note Ordinance, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange for the old Note or Notes.

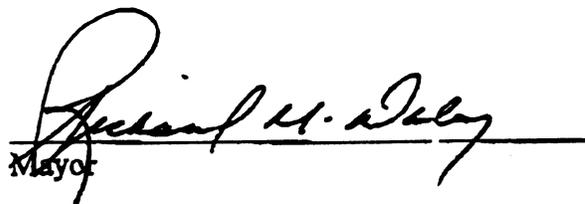
[6] The City and the Registrar may deem and treat the Registered Owner of this Note as the absolute owner of this Note for the purpose of receiving payment of or on account of principal of this Note, premium, if any, and interest due on this Note and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary.

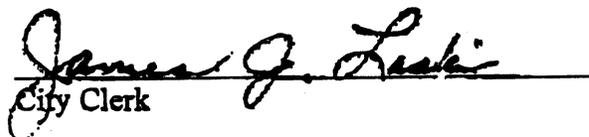
[7] This Note may be prepaid prior to maturity at the option of the City, in whole or in part on any date from any available funds of the City without penalty or premium. Any prepayments on the debt service of the Note shall be made in inverse order of maturity.

[8] The rights and obligations of the City and of the Registered Owners of the Note may be modified or amended at any time with the consent of the City and of the Registered Owners who constitute not less than a majority of the outstanding principal amount of the Note, provided that no such modification or amendment shall extend the maturity or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the principal of and interest on the Note, at the time and place and at the rate and in the currency provided in the Note Ordinance without the express consent of the Registered Owner of such Note or permit the creation of a preference or priority of any Note or Notes over any other Note or Notes.

[9] IN WITNESS WHEREOF, the City of Chicago, by its City Council, has caused this Note to be signed by the manual or duly authorized facsimile signature of the Mayor and City Clerk, all as appearing on this Note and as of the Dated Date identified above.

[SEAL]

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Clerk

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Name and Address of Assignee)

the within Note and does hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_ or its successor as attorney to transfer the said Note on the books  
kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

Signature guarantee: \_\_\_\_\_

**NOTICE:** The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

**SCHEDULE 1 TO NOTE**

[See attached.]

Savings Bank

P.O. Box 755  
Chicago, Illinois 60690-0755

Attachment A

## Midwest TIF

## Principal and Interest Payment Schedule

Open Date	Opening Bal.	Interest	Principal	Payment Date	Closing Balance	Total Payment
3-05-2002	\$4,900,000					
1-1-2003	\$4,900,000	\$323,400	\$0	1-1-2003	\$4,900,000	\$323,400
1-1-2004	\$4,900,000	\$392,000	\$0	1-1-2004	\$4,900,000	\$392,000
1-1-2005	\$4,900,000	\$392,000	\$100,000	1-3-2005	\$4,800,000	\$492,000
1-1-2006	\$4,800,000	\$384,000	\$400,000	1-1-2006	\$4,400,000	\$784,000
1-1-2007	\$4,400,000	\$352,000	\$400,000	1-1-2007	\$4,000,000	\$752,000
1-1-2008	\$4,000,000	\$320,000	\$400,000	1-1-2008	\$3,600,000	\$720,000
1-1-2009	\$3,600,000	\$288,000	\$800,000	1-1-2009	\$2,800,000	\$1,088,000
1-1-2010	\$2,800,000	\$224,000	\$800,000	1-1-2010	\$2,000,000	\$1,024,000
1-1-2011	\$2,000,000	\$160,000	\$800,000	1-1-2011	\$1,200,000	\$960,000
1-1-2012	\$1,200,000	\$96,000	\$1,200,000	1-1-2012	\$0	\$1,296,000
<b>TOTAL</b>		<b>\$2,931,400</b>	<b>\$4,900,000</b>			<b>\$7,831,400</b>

**CITY OF CHICAGO  
COOK COUNTY, ILLINOIS**

**\$4,900,000**

**TAX INCREMENT ALLOCATION REVENUE NOTE  
(MIDWEST REDEVELOPMENT PROJECT AREA),  
TAXABLE SERIES 2002**

**GENERAL CLOSING CERTIFICATE OF THE CITY CLERK**

I, James J. Laski, certify that I am the City Clerk of the City of Chicago (the "City").

This General Closing Certificate is being delivered in connection with the issuance today of a \$4,900,000 aggregate principal amount Tax Increment Allocation Revenue Note (Midwest Redevelopment Project Area), Taxable Series 2002 (the "Note") of the City. As such officer, I certify on behalf of the City as follows:

1. The City is a "home rule unit" under the Constitution of the State of Illinois, having a population in excess of 25,000 and not having elected by referendum not to be a home rule unit. The City was organized as a municipal corporation of the State of Illinois on March 4, 1837, and has continuously existed as such from that time. The City is governed by an elected Mayor and City Council which consist of the Mayor and 50 Aldermen elected from separate wards. Vacancies in the office of Alderman are filled by appointment of the Mayor, with the approval of the City Council. The City has not adopted the Commission Form of Municipal Government or the Managerial Form of Municipal Government, in each case as provided in the Illinois Municipal Code, as amended. The City is not subject to a special charter.

2. The Mayor is the chief executive of the City and is the presiding officer of the City Council of the City (the "City Council"). The City Clerk is the keeper of the Journal of Proceedings of the City Council and of the books and corporate records of the City. The Chief Financial Officer is the head of the Department of Finance of the City. The City Comptroller is the fiscal agent of the City, has management and control of all matters pertaining to the Department of Finance and exercises general supervision over all officers of the City charged with the receipt, collection or disbursement of revenues of the City and over all funds required to be in the custody of the City Treasurer. The Corporation Counsel is the head of the Department of Law of the City.

Since April 24, 1989, Richard M. Daley has been the duly elected, qualified and acting Mayor of the City. Since May 1, 1995, James J. Laski has been the duly elected, qualified and acting City Clerk of the City. Walter K. Knorr has been the duly appointed and acting Chief Financial Officer since August 2, 1995, and he is presently serving in that capacity. Phoebe Selden has been the duly appointed, acting City Comptroller since February 6, 1998, and she is presently serving in that capacity. Mara S. Georges has been the duly appointed and acting Corporation Counsel since July 7, 1999, and she is currently serving in that capacity. The Chairman of the Committee on Finance of the City Council since April 26, 1989, has been Alderman Edward M. Burke. Set forth below are the names of the Aldermen serving on the City Council who held such positions as of May 17, 2000 and as of October 31, 2001:

<u>Ward No.</u>	<u>Name as of 5/17/00</u>	<u>Name as of 10/31/01</u>
1	Jesse D. Granato	same
2	Madeline L. Haithcock	same
3	Dorothy J. Tillman	same

4	Toni Preckwinkle	same
5	Leslie A. Hairston	same
6	Freddrenna M. Lyle	same
7	William M. Beavers	same
8	Lorraine L. Dixon	Todd H. Stroger
9	Anthony Beale	same
10	John Pope	same
11	James A. Balcer	same
12	Ray Frias	same
13	Frank J. Olivo	same
14	Edward M. Burke	same
15	Theodore Thomas	same
16	Shirley A. Coleman	same
17	Terry Peterson	Latasha R. Thomas
18	Thomas W. Murphy	same
19	Virginia A. Rugai	same
20	Arenda Troutman	same
21	Leonard De Ville	same
22	Ricardo Munoz	same
23	Michael R. Zalewski	same
24	Michael D. Chandler	same
25	Daniel S. Solis	same
26	Billy Ocasio	same
27	Walter Burnett, Jr.	same
28	Ed H. Smith	same
29	Isaac Carothers	same
30	Michael A. Wojcik	same
31	Ray Suarez	same
32	Theodore Matlak	same

33	Richard F. Mell	same
34	Carrie M. Austin	same
35	Vilma Colom	same
36	William J.P. Banks	same
37	Emma Mitts	same
38	Thomas R. Allen	same
39	Margaret Laurino	same
40	Patrick J. O'Connor	same
41	Brian G. Doherty	same
42	Burton F. Natarus	same
43	Vi Daley	same
44	Bernard J. Hansen	same
45	Patrick J. Levar	same
46	Helen Shiller	same
47	Eugene C. Schulter	same
48	Mary Ann Smith	same
49	Joseph A. Moore	same
50	Bernard L. Stone	same

3. Attached to this General Closing Certificate are true, correct and complete copies of the following documents:

- i. An Ordinance of the City Approving a Redevelopment Project and Plan ("Project and Plan") for the Midwest Redevelopment Project Area, with a copy of the Project and Plan attached, adopted on May 17, 2000;
- ii. An Ordinance of the City Designating the Midwest Redevelopment Project Area ("Area") a Redevelopment Project Area Pursuant to the Tax Increment

Allocation Redevelopment Act, adopted on May 17, 2000;

- iii. An Ordinance of the City Adopting Tax Increment Allocation Financing for the Midwest Redevelopment Project Area, adopted on May 17, 2000; and
- iv. An Ordinance of the City Authorizing the Issuance of a Tax Increment Revenue Note for the Midwest Redevelopment Project Area, adopted on October 31, 2001.

4. All meetings or portions of meetings of the City Council and its Committee relating to the proceedings to authorize, issue, sell and deliver the Note were held at times and places convenient to the public. The meetings of the City Council held on May 17, 2000 and October 31, 2001 were regular meetings held pursuant to ordinances of the City Council establishing the time and date and place of such meetings. Notices of such meetings of the City Council were duly given to the public by the posting of notices in a prominent place in City Hall, being the meeting place of the City Council, more than 48 hours prior to each such meeting, each of which notices remained posted until the time of the meeting to which it related. True and correct copies of those notices are attached to this General Closing Certificate. Copies of those notices were supplied to all persons who made a request for such notices pursuant to law, and were transmitted by the City Clerk to each Alderman at least 24 hours prior to the convening of such meetings.

5. The Ordinances referred to in paragraph 3 were each duly adopted upon the affirmative vote of not less than a majority of the Aldermen at a duly called meeting of the City Council for which notice was properly given to the public and the Aldermen and at which a quorum of the Aldermen was present and acted throughout, and none was vetoed by the Mayor. Each of the Ordinances remains in full force and effect and, except as set forth in paragraph 3, none has been

repealed, rescinded, amended, modified or supplemented.

6. Other than the proceedings referred to in paragraph 3, no other proceedings of the City Council or of the City relate or pertain to the authorization, issuance, sale or delivery of the Note.

7. To the knowledge of the City Clerk, without making any independent investigation, no member of the City Council of the City and no official of the City has any interest, either directly or indirectly, in the issuance or the sale of the Note.

8. There is no action, suit, proceeding, inquiry or investigation at law or in equity, before any court, public board or body, pending or, to the knowledge of the undersigned, threatened, against or affecting the City, which in any way affects the existence of the City or which seeks to restrain or enjoin the issuance, sale and delivery of the Note or contests or affects the validity or enforceability of the Note, the approval by the City of the Project and Plan, the designation by the City of the Area, the adoption by the City of tax increment allocation financing therefor, or the transactions contemplated by the Ordinances referred to in paragraph 3, or contests or calls into question the powers of the City or its authority with respect to such Ordinances, or the City's power to pledge incremental taxes derived from the Area to secure the Note.

9. The seal of the City which is impressed upon this General Closing Certificate is the lawful corporate seal of the City.

Dated: March 5, 2002

  
\_\_\_\_\_  
City Clerk, City of Chicago

(SEAL)

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)**

This information is contained in the official statements, limited offering memoranda, promissory notes or debt service schedules of such obligations. See attached.

**Midwest Redevelopment Project Area  
2002 Annual Report**

---

**(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)**

Please see attached.

**Bansley and Kiener, L. L. P.**  
Certified Public Accountants

*Established 1922*

BERNARD J. SULLIVAN, C.P.A.  
RICHARD J. QUINN, C.P.A.  
PAUL A. MERKEL, C.P.A.  
JOHN W. SANEW III, C.P.A.  
THOMAS A. CERWIN, C.P.A.  
STEPHEN R. PANFIL, C.P.A.  
MICHAEL D. HUELS, C.P.A.  
ROBERT J. MARSCHALK, C.P.A.  
THOMAS J. CAPLICE, C.P.A.  
ROBERT J. HANNIGAN, C.P.A.  
GERARD J. PATER, C.P.A.  
VINCENT M. GUZALDO, C.P.A.  
TIMOTHY J. QUINN, C.P.A.  
MAUREEN B. SHANAHAN, C.P.A.

---

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

---

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor  
Members of the City Council  
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net assets and governmental funds balance sheet of Midwest Redevelopment Project of the City of Chicago, Illinois as of December 31, 2002, and the related statement of activities and governmental funds revenues, expenditures and changes in fund balance revenues for the year then ended, and have issued our report thereon dated June 5, 2003.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Midwest Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

*Bansley and Kiener, L.L.P.*

Certified Public Accountants

June 5, 2003

# Midwest Redevelopment Project Area 2002 Annual Report

## (11) GENERAL DESCRIPTION AND MAP

The Midwest Redevelopment Project Area is located directly west of Chicago's loop. The Project Area is generally bounded by Kinzie, Lake, and Washington Streets on the north; by 16<sup>th</sup> Street and the C.B.&O Rail Line south of 19<sup>th</sup> Street on the south; Western, California, and Rockwell Avenues on the east; and Pulaski Road, Hamlin Avenue, and the Belt Line west of Kolmar Avenue on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.

